

Meeting Minutes November 9, 2006

Town of Los Altos Hills City Council Regular Meeting

Thursday November 9, 2006 6:30 P.M.
Town Hall Council Chambers, 26379 Fremont Road

1. CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Mayor Warshawsky called the City Council Regular Meeting to order at 6:30 p.m. in the Council Chambers at Town Hall.

Present: Mayor Dean Warshawsky, Mayor Pro Tem Craig A.T. Jones, Councilmember Breene Kerr, Councilmember Jean Mordo and Councilmember Mike O'Malley

Absent: None

Staff: City Manager Carl Cahill, City Attorney Steve Mattas, Office Manager/Accountant Cindy Higby, City Engineer/Public Works Director Henry Louie, Parks and Recreation Supervisor Tod McLemore and City Clerk Karen Jost.

MOTION SECONDED AND CARRIED: Moved by Mordo, seconded by O'Malley and passed unanimously to limit comments from the floor to two minutes.

2. APPOINTMENTS AND PRESENTATIONS

2.1 Appointment to the Emergency Communications Committee

The City Clerk explained that applicant Gary Waldeck was unable to attend the Council meeting due to a scheduling conflict. Emergency Communications Committee Chair Dru Anderson spoke on behalf of Waldeck. She provided a brief overview of his qualifications and expertise and highly endorsed his appointment to the standing committee.

MOTION SECONDED AND CARRIED: Moved by Jones, seconded by Mordo and passed unanimously to appoint Gary Waldeck to the Emergency Communications Committee for a term of four years.

3. PLANNING COMMISSION REPORT

City Manager Carl Cahill noted that Planning Director Debbie Pedro was on vacation. He summarized the Planning Commission's actions at their regular meeting of October 19, 2006. The Commission had considered two applications: Lands of Andrews, a landscape screening plan and Lands of Dubey, a swimming pool, spa and landscape screening plan. Both applications had been approved by the Commission.

4. CONSENT CALENDAR

Item Removed: 4.5 (Kerr)

MOTION SECONDED AND CARRIED: Moved by Mordo, seconded by O'Malley and passed unanimously to approve the remainder of the Consent Calendar; specifically:

- 4.1 Approval of Minutes: Regular City Council Meeting October 26, 2006
- 4.2 Review of Disbursements: 10/19/2006 – 10/31/2006 \$224,229.54
- 4.3 Approval of Amendment to the Maximum Contribution to Employee Health Coverage Premium – Resolution #111-06
- 4.4 Approval of Amendment to the Maximum Contribution to Councilmember Health Coverage Premium – Resolution #112-06

Item Removed:

- 4.5 Approval of the Agreement between Foothill-DeAnza Community College District and Town Regarding the Construction and Operation of a Public Pathway

Councilmember Kerr offered that he was pleased that the District had formally approved the requested funding and pathway easement. He noted that he would review the license agreement with the VTA to ensure that they had no objections to the form of the agreement.

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by O'Malley and passed unanimously to approve the agreement between Foothill-DeAnza Community College District and Town regarding the construction and operation of a public pathway. Resolution #113-06

Council congratulated Councilmember Kerr and City Engineer/Public Works Director Henry Louie on their successful efforts on the pathway construction.

5. UNFINISHED BUSINESS

- 5.1 Town Goals
 - 5.1.1 Public Education: Bring the Future of Public Education to a Vote

Mayor Pro Tem Jones provided an update of the Ad Hoc Committee on District Reorganization's work on the key elements directed towards the December 7th Hearing before the County Committee. He advised Council that it might be necessary to readdress the subcommittee's previously approved budget following the December 7th Hearing.

Jones reviewed the three possible outcomes of the Hearing: 1) the County Committee approves all of the requests submitted by the Town; 2) the County Committee denies the Town's request; and 3) the County Committee takes the subject under additional study. Jones believed the third option was the most likely scenario.

Jones reviewed the agenda and protocol for the November 15, 2006 Special City Council meeting on public education. He explained that the purpose of the meeting was to gather public input and the Question and Answer period and public comment portion of the meeting would offer the citizens and opportunity to express their opinions on reorganization. Jones noted that the final item on the agenda would be Council consideration of a resolution reaffirming their support for reorganization and further clarifying their position on the importance of Gunn High School as a part of the reorganization plan.

5.1.2 Underground Utilities: Complete Pilot Projects and Assist Underground Assessment Districts

City Engineer/Public Works Director Henry Louie advised the City Council that the pilot projects were on schedule to begin construction in June 2007.

5.1.3 Sanitary Sewers: Update and Implement the Master Plan

City Engineer/Public Works Director Henry Louie reported that the Sanitary Sewer Expansion Study was on schedule. He expected the draft report to be forwarded to staff for review in December. The study would include a conceptual drawing of the sewer expansion plan.

City Manager Carl Cahill reported on the status of the Sewer Agreement with the City of Los Altos. He explained that Los Altos City staff was bringing the agreement back to their Council for consideration. The agreement still contained the penalty clause and Cahill expressed his concern that the agreement as proposed could potentially cause great harm to the finances of the Town. He noted that the Town did not have enough data to evaluate the risk. Cahill added that the Town was willing to pay all true costs associated with any overflow. The penalty was not based on the overflow amount but on the approved flow plus any overflow.

Discussion ensued regarding the installation of temporary flow meters to ascertain the existing flow amounts prior to signing the agreement. Louie commented that the cost and time frame for installation was an unknown. Council directed staff to investigate the

feasibility and associated costs of temporary flow meters and to continue the negotiations with the City.

51.4 Wireless Communications: Continue to Improve Townwide Cell Coverage

City Manager Carl Cahill reported that the Verizon project at Westwind Barn was moving forward following a brief delay when they encountered rock while drilling for footings. Cahill commented that the project's tentative completion date was December and he would keep Council apprised.

5.1.5 Complete General Plan Review

Councilmember O'Malley reported that the Ad Hoc committee was continuing to meet every two weeks and making an arduous effort to complete the review of the Introduction and the first set of Elements. The necessary notification of Indian tribes had been completed and the ninety day waiting period for their input had begun. Following this period, there was an additional 45 day period for public comment before the General Plan Elements could be moved forward to the Planning Commission for their review.

5.1.6 Develop Plan For and Begin the Process of Approval of the Building of a New Town Park/Recreation Facility

Parks and Recreation Supervisor Tod McLemore addressed Council. Council had before them a staff report that summarized the status of the new community park planning efforts. McLemore explained that the initial planning was underway by the Parks and Recreation Committee and staff. The report included a list of all Town owned property and all lots within Town that were greater than two acres.

Councilmember O'Malley commented that the committee and staff were currently focusing on a proposed park layout and footprint requirements and once that was determined, would begin researching for a suitable site.

Councilmember Kerr reported that he had attended the Bullis Elementary School Site Committee as the Council appointed representative for the Town. He displayed a Phase I site plan of the facility that illustrated the proposed improvements on the overhead for the benefit of Council and the audience. Kerr noted that earlier iterations had not included the playing fields that were now shown on the design plans. A Soccer club has voiced interest in financing a full sized field and Kerr had offered that the Town would consider the possibility of assisting in the proposal.

Kerr directed Council to an email from Superintendent Tim Justus, Los Altos School District that the Clerk had provided on the dais. It provided a summary of the funding that he was requesting from the Council for the project. Justus offered that the changes to the site to develop more usable space for recreation would benefit both the students and the Los Altos Hills community.

Kerr explained that it was possible the field could be ready for use by Fall 2008 if the Town committed to the project. The project was on a fast track and it was important for the Town to provide their input on the proposal. Kerr identified several concerns that would need to be addressed that included weekend use and a potential pathway. He believed it was feasible for the Town to have a soccer field for an investment of \$500,000 with some discretionary authority over the use of the field.

Council discussion ensued. They concurred that it was a cost effective way to acquire a soccer/playing field but the critical issues of access and control needed to be investigated. Council wanted to be sure that Los Altos Hills' children had access to the fields and noted that it might be a better option to fund the entire project if they retained control over the field.

Council directed staff to further investigate the proposal including who the other participants in the field proposal would be and what their expectation was for their donated funds. Staff was authorized to extend an invitation to Superintendent Tim Justus to present his proposal at the next Council meeting.

5.2 Consideration of Engineering and Installation of PV Solar Electric System Expansion at Town Hall

City Engineer/Public Works Director Henry Louie introduced this item to Council. Louie explained that in May, 2006, Council had directed staff to develop a proposal and cost estimate for a 10 to 15 kw solar expansion for the existing Town Hall solar system. Proposals for the project were sought from four companies. REC Solar submitted a cost proposal of \$139,700. Louie reviewed the project cost that included a rebate with the final system cost of \$96,244. In addition to the rebate, Cingular's rent of \$24,000, their annual utility payments to the Town of \$3,000 and the estimated annual cost savings for electricity of \$3,753 could be applied to reduce the project cost.

Councilmember Kerr explained that he had requested consideration of this item. He commented that he believed the additional solar expansion was a necessary component in meeting the goal that had been set at the time of construction of the new Town Hall of generating 2/3 of the electricity used on site by the solar plant.

Kerr outlined the factors that had increased the electrical consumption at Town Hall and pushed the solar plant production to just under 50% of the electrical demand. They included: 1) the increased usage of the building, including after business hours and weekends; 2) the Heritage House/Sheriff substation being collocated on the same meter and potentially the Water District Building could be hooked up to the system; and, 3) the Cingular cell tower located on the Town site was drawing it's electricity from the Town's electrical service panel. Kerr noted that at the time the cell tower was approved, Council had discussed the possibility of using the rental income to expand the solar system.

Kerr reviewed the estimated payback period for the proposed solar expansion project. He believed there were several factors that would possibly reduce the period, including: the use of trackers; the use of alternative less expensive solar panels; additional value

engineering modifications to the project specifications; and, possibly funding the project with a financing vehicle that would allow the Town to capture the Federal tax credit.

Kerr requested Council direction on what they would consider to be an acceptable payback period in order for them to approve the project.

Councilmember Mordo offered that he was of the opinion that a ten (10) year payback period was marginal. He commented that the goal was admirable but with the rapid changes in technology, it might be more advantageous to wait. The Town was already setting a good example with their existing use of solar. Mordo noted that he could support a payback period of twelve (12) years because of the side benefits of solar.

Mayor Pro Tem Jones commented that the Council had done a lot with respect to solar energy. They had eliminated fees associated with solar system installation and developed an incentive ordinance. All had been strongly supported by residents. Jones offered that it was important for the Town owned building (Town Hall) to set an example for residents and be a good “green” citizen. He agreed that the solar upgrade had no quick pure economical payback but it was important to attempt to achieve the goal of producing 2/3 of the energy needs for Town Hall facilities by solar.

Councilmember O’Malley noted that any project that had a payback of more than 10 (ten) years was economically suspect but the proposed solar upgrade had a “green” value that made a positive statement to residents and set a good example. He supported the effort to achieve the goal of creating 2/3 of the facilities electrical use by solar.

Mayor Warshawsky applauded the efforts and achievements that had been made to build and maintain a green Town Hall but questioned how much more needed to be done. He commented that he could not support the solar expansion project until the economical benefits could more clearly be defined and explained to residents. Warshawsky added that he would like to revisit the solar upgrade for Town Hall when more economical data was available.

MOTION SECONDED AND CARRIED: Moved by Kerr, seconded by Jones and passed by the following voice vote to direct the City Manager to negotiate and enter into a contract with the vendor if a price point that provided for a twenty (20) year or less payback for the solar expansion project at Town Hall could be achieved.. AYES: Kerr, Jones, O’Malley NOES: Warshawsky, Mordo

6. NEW BUSINESS

None

7. REPORTS FROM COMMITTEES, SUB-COMMITTEES, AND COUNCILMEMBERS ON OUTSIDE AGENCIES

None

8. STAFF REPORTS

8.1 City Manager

None

8.2 City Attorney

None

8.3 City Engineer

8.3.1 Los Altos Hills Street Pavement Rehabilitation Program Updates

City Engineer/Public Works Director Henry Louie introduced this item to Council. He proceeded with a PowerPoint presentation titled "LAH Street Pavement Rehabilitation Program Updates" that included an overview of the Pavement Management System (PMS) and Pavement Condition Index (PCI) used by the Town to maintain the 55 miles of public roadway within the Town. The presentation also included: an evaluation of the current condition of the Town's roads pavement condition; funding amounts for Capital Improvement Projects (CIP) past and future; and the PCI rating for neighboring cities. Louie concluded his report with a listing of streets that had been included in CIP in 2005 and 2006 and those identified for work in 2007. Louie maintained that the 2007 work should eliminate all of the roads classified in the poor roads category.

Council thanked Louie for his presentation

OPENED PUBLIC COMMENT

Kathy Evans, La Loma Drive, commented that there was a section on her road that was continually damaged by garbage trucks that routinely park in the same area during their weekly collection. She questioned if Louie took input from residents on individual road conditions.

City Engineer/Public Works Director Henry Louie explained that the Town hired a consultant every three years to evaluate streets and input their conditions into the system. The Town does make "spot" repairs when funds are available in the street budget.

8.4 City Clerk

8.4.1 Report on Council Correspondence

None

9. COUNCIL-INITIATED ITEMS

9.1 Update on Finance and Investment Committee (FIC) Study of Post-Employment Health Benefits – Councilmember Mordo

Councilmember Mordo explained that the Finance and Investment Committee had been reviewing the subject of post employment health benefits for several months and he suggested it was now an appropriate time to hire a professional to assist them with the next phase of the study.

Mordo had prepared a PowerPoint presentation titled “Retiree Health Benefits” to facilitate discussion of the agenda item. He reviewed the key issues of the topic that included: 1) the GASB 45 accounting rule change that had been the impetus to reviewing retiree benefits; 2) the fact that health costs had been growing at double digits for a number of years and employees could retire as early as 50 and were covered until death; and 3) health insurance, unlike pension entitlement, was the sole responsibility of the last agency employer.

Mordo reviewed the current retirement benefits offered to staff and the current liability to the Town. Mordo outlined the problems with the current plan and the exposure to the Town. He noted that if the liability were funded there would be a reduction in the liability.

Mordo summarized the alternatives available to the Town for providing employee benefits including a “cafeteria” plan. He commented that his objective was to choose an alternative to the existing benefits package that would be fair to active employees and retirees and reduce the Town’s liability. Mordo added that the proposal would benefit long term employees and the improved pension benefit would allow them to buy the medical coverage at group rates if they needed it. Mordo summarized the costs of the improved pension and compared pension formulas for similar cities.

In concluding his presentation, Councilmember Mordo requested Council consideration of hiring a consultant that was knowledgeable in employment law and CalPERS to advise the Finance and Investment Committee on restructuring the employee compensation package. This would also require a comparison of benefits within the market to ensure that the proposed package of benefits was appropriate and competitive and to that point, he requested Council consent to issue an RFP.

Mordo introduced Doug Pryor, Bartel Associates, actuarial consultant to the Town and Finance and Investment Committee member Stanley Mok.

Council thanked Mordo for his thoughtful presentation and review of the issue.

Council discussion ensued. Suggestions included: a review of non-CalPERS health benefits be added to the proposed study; current employees be surveyed for their opinion on the proposed benefit changes; to wait to launch the study and review what actions were taken by other cities investigating health benefit options; and, to research funding vehicles including options CalPERS establishes for funding the liability. Councilmember

Kerr and Jones expressed their concerns in being the first city to eliminate health benefits for their employees noting that many employees choose to work in the public sector for this security.

Councilmember Mordo commented that he would take their suggestions under advisement and would return to the Finance and Investment Committee to review the option of issuing the RFP. After their evaluation, they would determine if it would be more appropriate to postpone the study and monitor what CalPERS and other cities were developing to address the issue.

10. PRESENTATIONS FROM THE FLOOR

Maurice Johnson, Purissima Hills Water District Board Member addressed Council. He reported that the recent arrangement for the District to review Los Altos Hills proposed landscaping plans to ascertain their water requirements was not working. The District had hoped to provide applicants with an estimation of water consumption that would be required to maintain the proposed landscaping. Johnson suggested that the plans did not provide enough detail for the District to properly assess.

Council thanked Johnson for his comments. Staff was directed to agendaize the issue for further discussion at a future meeting and to provide information on the water conservation policies of neighboring cities to assist Council in the discussion.

Council adjourned to Closed Session at 9:15 p.m.

11. CLOSED SESSION

Councilmember O'Malley recused himself and did not participate in discussion of this item.

CLOSED SESSION: CONFERENCE WITH LEGAL COUNSEL-

EXISTING LITIGATION: Government Code Section 54956.9(a): Carranza et al v. Friends of Westwind et al.

Council reconvened to Open Session at 10:00 p.m.

No Action was taken

12. ADJOURNMENT

There being no further business, the meeting was adjourned by consensus of the City Council at 10:00 p.m.

Respectfully submitted,

Karen Jost, City Clerk

The November 9, 2006 meeting minutes were approved as presented at the December 14, 2006 regular City Council meeting.